

Governor Carney Signs Insurance Consumer Fairness Bill into Law

Dover, DE – On Tuesday, August 1, 2017, Governor John Carney signed into law House Substitute 1 for House Bill 80 (“HS 1 for HB 80”). A bipartisan piece of legislation, HS 1 for HB 80 is a consumer fairness bill that targets unfair discriminatory practices used by automobile and homeowners insurance companies to determine premium costs.

A substitute to the original HB 80, HS 1 for HB 80 represents a compromise between the Department of Insurance, legislators and several industry members who elected to negotiate in good faith. The new law provides for the following major changes:

1. Insurance companies may not use an insurance credit score that uses income,

gender, sexual orientation, gender identity, education, address, zip code, race, ethnic group, religion, marital status or nationality of the consumer as a factor.

2. Insurance companies may not cancel or non-renew a policy based on credit

information alone.

3. Insurance companies may not take action against a consumer because that

person lacks a credit card or lacks credit information.

4. Insurance companies cannot utilize collection information using medical

codes.

5. Insurance companies cannot utilize extraordinary life circumstances such as

serious illness or injury, death of a spouse or loved one, divorce, and involuntary loss of employment for three (3) months or more.

6. HS 1 for HB 80 continues Delaware's prohibition on using credit in policy

renewals, unless a review request results in lower premiums.

7. An insurer cannot increase a renewal rate for personal automobile insurance

policies based solely on an insured attaining the age of 75 or older.

8. An insurer cannot increase rates based upon a change of marital status due to

the death of a spouse.

HS 1 for HB 80 was prime sponsored by Representative Trey Paradee and Senators Margaret Rose Henry and Brian Pettyjohn.

On Governor Carney's signing of the bill into law, Delaware Insurance Commissioner Trinidad Navarro remarked on how the new law will redress the balance between insurance companies and everyday consumers.

"As head of the State's top consumer protection agency, my priority is and always will be to level the playing field by standing up for Delaware consumers," stated Navarro. "Insurance rates should be fair. However, as I have seen over the past several years, they are far from fair. By addressing unfair discriminatory practices, HS 1 for HB 80 adds and enhances Delaware's consumer protection measures to hold companies accountable. This law will push Delaware in the right direction toward a fairer and more affordable insurance

marketplace. I thank Governor Carney and the legislature for recognizing the importance of this legislation and enacting it into law.”

Representative Paradee, a Democrat from Dover, who served as the bill’s prime sponsor and leading consumer advocate, remarked on HS 1 for HB 80’s curbing of unfair discriminatory practices in insurance in Delaware.

“I was honored to be asked by Commissioner Navarro to lead this effort. For too long, insurance companies have used practices that unfairly discriminate against Delaware consumers and our State’s most vulnerable populations. Although the final measure was not everything we originally fought for, I am excited, and confident, that the additional protections enshrined in this bill will make insurance fairer and more affordable for all Delaware consumers.”

Senate Majority Leader Margaret Rose Henry, who has been a longtime supporter of consumer protection measures, said the new law will keep changes in credit ratings because of issues, such as identity theft or loss of a spouse, from costing Delawareans more. She also supported the restriction of age as a factor in setting rates.

“This is a good update of a law that outlines allowable uses of credit information in rating personal insurance,” Henry said. “This is a fair and commonsense approach that protects the interests of consumers and insurance companies. This also restricts age as a factor in setting rates and puts rate-setting clearly where it should be – on an insurance consumer’s record.”

Senator Brian Pettyjohn, a Republican from Georgetown who served as a co-prime sponsor of the bill also touched on how the new law will address a fairness issue in insurance in Delaware.

“Insurance rates should be based primarily on the way a driver

behaves behind the wheel,” Pettyjohn said. “Life events such as reaching the age of 75 or divorce alone should not be factors in raising an individual’s insurance rates. This new law strengthens Delaware’s insurance consumer protection statutes to prohibit these types of actions on the part of insurance companies.”

HS 1 for HB 80 passed the House on June 15, 2017, with 24 yes and 14 no votes. The bill passed its final floor vote in the Senate on June 27, 2017, with 20 yes and 1 no votes. Consumers and producers who have questions about the new law are encouraged to contact the Department of Insurance’s Consumer Services Division at (302) 674-7310 or by email at consumer@delaware.gov.

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The Delaware Department of Insurance protects Delawareans through regulation and education while providing oversight of the insurance industry to best serve the public.

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